

LEGISLATIVE COUNSEL
FILE COPY

*8911 payroll
file*

STATEMENT OF PURPOSE AND JUSTIFICATION
AND SECTION-BY-SECTION ANALYSIS OF THE
LEGISLATION REQUESTED BY THE PRESIDENT
OF THE UNITED STATES TO REFORM THE
MAJOR FEDERAL STATUTORY SALARY SYSTEMS

COMMITTEE ON POST OFFICE AND
CIVIL SERVICE
HOUSE OF REPRESENTATIVES



FEBRUARY 28, 1962

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1962

80847

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

TOM MURRAY, Tennessee, *Chairman*

JAMES H. MORRISON, Louisiana	ROBERT J. CORBETT, Pennsylvania
JAMES C. DAVIS, Georgia	H. R. GROSS, Iowa
KATHRYN E. GRANAHAN, Pennsylvania	JOEL T. BROYBILL, Virginia
THADDEUS J. DULSKI, New York	AUGUST E. JOLANSEN, Michigan
DAVID N. HENDERSON, North Carolina	GLENN CUNNINGHAM, Nebraska
ARNOLD OLSEN, Montana	GEORGE M. WALLHAUSER, New Jersey
JOSEPH P. ADDABBO, New York	ROBERT R. BARRY, New York
RICHARD H. ICOIRD, Missouri	KATHARINE ST. GEORGE, New York
CATHERINE D. NORRELL, Arkansas	JOHN R. ROUSSELOT, California
MORRIS K. UDALL, Arizona	EDWARD J. DERWINSKI, Illinois
DOMINICK V. DANIELS, New Jersey	ROBERT F. ELLSWORTH, Kansas
LINDLEY BECKWORTH, Texas	
WALTER H. MOELLER, Ohio	

CHARLES E. JOHNSON, *Staff Director*

II

FOREWORD

This print contains a "Statement of Purpose and Justification" and a section-by-section analysis of the Federal Salary Reform Act of 1962, which is the President's proposal to reform the major statutory salary systems of the Federal Government.

The President's proposal is directed to the establishment of appropriate relationships between salaries paid for comparable skills and responsibilities in the Government and in private enterprise, based upon the Bureau of Labor Statistics studies for which the Congress appropriated \$600,000.

TOM MURRAY, *Chairman.*

III

FEDERAL SALARY REFORM ACT OF 1962

Draft bill to reform the major statutory salary systems of the Federal Government, to establish appropriate relationships among them, to adopt and apply the principle of Government-private enterprise salary comparability and for other purposes

STATEMENT OF PURPOSE AND JUSTIFICATION

The draft bill reforms four Federal statutory systems: those for employees paid under the Classification Act, the Postal Field Service Compensation Act, and the Foreign Service Act, and for physicians, dentists, and nurses of the Department of Medicine and Surgery of the Veterans' Administration. In addition, the bill brings into the reformed salary system, at newly established levels, a few high-ranking jobs below the agency-head level which are now compensated under the Federal Executive Pay Act or other authorities. To avoid undue impact at any one time and provide an orderly transition, the bill would bring salaries to their proper levels gradually, over a 3-year period.

REQUISITES OF A FEDERAL PAY SYSTEM

The functions of a public salary system are to control payroll expenditures, with equity to both the employee and the taxpayer, and to support recruitment and retention of the high-quality personnel required to carry out Government programs. To meet its responsibility to the public, the salary system must pay enough to permit competent staffing in order not to endanger the national security nor to degrade public service; but it must not pay more than is necessary for this purpose and for equity to the employee. To assure fair treatment for the public employee, the salary system must assure equity among Federal employees and between Federal employees and those in private employment. To be adaptable to changing conditions and to stimulate peak performance, the system must provide for executive discretion to meet individual and special needs, to use pay for motivating employees, and to initiate general adjustments as required.

These are the underlying objectives which this proposal is designed to meet.

CONDITIONS THAT NEED CORRECTING

Statutory pay systems have failed to meet the needs of today's Federal service. Absence of an accepted standard for Federal salaries and a procedure for periodic review and adjustment, coupled with rigid statutory rules of pay administration, deprive the systems of the adaptability so essential in a period of rapidly changing conditions.

Major inequities exist between the Federal employee and his equals throughout the national economy. Only in the very lowest grades has Federal pay kept pace with average private enterprise rates. Comparison can now be made directly between private salaries and those

in the Classification Act, which has a broad occupational coverage having many counterparts in private employment. Findings of the Bureau of Labor Statistics National Survey of Professional, Administrative, Technical, and Clerical Pay reported in 1961 provide the data. This annual survey clearly shows that the greater the level of difficulty and responsibility, the greater the gap between public and private pay. From grade GS-4 upward, private salary averages consistently exceed Federal salaries. At the lower professional levels of GS-7 and GS-9, the difference is quite noticeable. For example:

National average rate in private enterprise	Classification Act rate range		
	Grade	Minimum	Maximum
\$0,618 7,776	GS-7..... GS-9.....	\$5,355 6,435	\$0,315 7,425

At the upper professional levels there is an even greater lag of Federal salaries:

National average rate in private enterprise	Classification Act rate range		
	Grade	Minimum	Maximum
\$13,152 15,362 19,318	GS-13..... GS-14..... GS-15.....	\$10,625 12,210 13,790	\$11,935 13,510 15,030

Further evidence of this trend was furnished by the Civil Service Commission's 1960 study of salaries paid in 21 large nationwide firms for personnel, finance, research and development, law, and plant management positions with responsibilities equivalent to those of Federal positions in grades GS-16, 17, and 18. This study showed these serious disparities:

Federal Government		21 firms, major salary clusters
Grade	Salary range	
GS-16.....	\$15,255-\$16,205	\$21,000-\$30,000
GS-17.....	16,530- 17,570	27,500- 37,500
GS-18.....	18,590	32,500- 45,000

Many State and local jurisdictions now have passed the Federal Government's pay rates. For example, California, Georgia, Illinois, Michigan, New York, Ohio, and Pennsylvania all have career salaries higher than the highest Classification Act and other top statutory salaries. The same is true of Los Angeles City and County, Denver, Detroit, St. Louis, San Francisco, and Philadelphia. In cities with populations over 500,000, city managers average \$22,950 and school superintendents average \$25,869, about 25 and 40 percent, respectively, above the top Classification Act salary.

Based on the findings of a private consulting firm, New York State revised its salary structure in 1961 to provide a top career salary

of more than \$22,000 and \$27,500 for department heads. Thus, a department head in New York State is paid 10 percent more than the head of a Cabinet department of the National Government.

Inequities have come about and have been compounded by past statutory pay raises. These raises over the years have acted to compress the pay spread from the lowest to the highest levels. In 1928, the ratio of the highest Classification Act salary to the lowest was 8.8 to 1. By 1945, it had fallen to 6.8 to 1, and today the ratio is 5.8 to 1. The pay increase of July 1945, demonstrates how this has worked. Salaries were increased 20 percent on the first \$1,200, 10 percent on the next \$3,400, and 5 percent on the remainder. This plan resulted in 20-percent raises at the lowest level and 8.9 percent at the top. Consequently, the ratio of the highest to the lowest salary dropped from 7.5 to 1 down to 6.8 to 1.

Inequities exist within systems: for example, inadequate pay distinctions between grade levels, inadequate within-grade pay ranges, and inadequate pay spreads from entry to top career levels.

Normal pay practice in a large corporation permits an employee beginning a professional or management career to look forward to a salary of \$35,000 to \$40,000 a year if he reaches a level in the organization with responsibilities equivalent to those of GS-18 positions in the Federal service. The top of a pay range for a given level of work is 30 to 35 percent above the minimum rate for the work level; at executive levels the range is more likely to be 50 percent. The better performers advance faster within the range than the merely average performers. An employee who receives a within-grade pay increase generally has his salary advanced from 5 to 10 percent.

Differences between salaries for successive Classification Act grade levels, for instance, are both inconsistent and inadequate. These differences range from a low of 7.4 percent to a high of 18.8 percent. This is not a normal progression; there is no logic or pattern to be found. Between grades GS-1 and GS-2, the difference in minimum salaries is 9.9 percent. Between GS-2 and GS-3, the difference is 7.4 percent. GS-5 and GS-6 are 11.2 percent apart. GS-13 exceeds GS-12 by 18.8 percent, but GS-17 exceeds GS-16 by only 8.4 percent.

A similarly inconsistent condition exists with respect to the spread between minimum and maximum salaries at various grade levels. Including longevity rates, the top salary for GS-4 exceeds the GS-4 entry rate by 23.4 percent, but at GS-5 the difference is 34.2 percent. At GS-11, the spread is 27.5 percent, while at GS-15 it is 15.1 percent, and at GS-17 is 7.3 percent. This contrasts with salary ranges in industry, which are commonly from 30 to 50 percent of the beginning salary, with the widest ranges at the higher salary levels.

The salary spread from the entry professional or administrative level at GS-5 to the top career level at GS-18 is entirely inadequate by modern business standards. From his beginning salary, a Federal employee can see an increase of 4½ times for a lifetime professional or administrative career, if he is one of the relatively few who reaches the very top. His equals in private employment can expect to increase their beginning salary by six or seven times without having to become corporation president or chairman of the board.

Inequities now exist among the various Federal pay systems; for example, supervisors under the Classification Act system are sometimes paid less than their subordinates who are under a wage board

system. This comes about because of lack of coordination between the systems. Wage board rates are based on, and move freely with, prevailing rates in industry while pay levels under the Classification Act and other systems can be adjusted only by legislative action and lack a fixed standard to govern the time and amount of increases.

POLICY AND PRINCIPLES—GENERAL REFORMS

Title I states proposed Federal salary policy, provides for continuing application of the governing principles, and clarifies the role of the executive.

The proposed bill offers a basis for Federal pay reform by the adoption of two principles:

The comparability principle: Federal salary rates shall be comparable with private enterprise rates for the same levels of work; and

The internal alignment principle: There shall be equal pay for substantially equal work, and pay distinctions shall be maintained in keeping with work and performance distinctions.

Comparability principle

Adoption of this principle will assure equity for the Federal employee with his equals throughout the national economy. Its use will improve the Government's ability to compete with private firms for qualified personnel.

Comparability with private enterprise salary levels provides a long-needed logical and factual standard for setting Federal salaries. It includes the effects of such legitimate pay consideration as cost of living, standard of living, and productivity as those factors are resolved into the going rate over bargaining tables and other salary determining processes throughout the country.

The principle has a history of wide acceptance. Within the Federal Government, it has been used for 100 years; first applied to navy yard workers, it is now applied to virtually all Federal trades and crafts workers, to employees of the Tennessee Valley Authority, and to Government work contractors through the Walsh-Healey and Davis-Bacon Acts. It is widely accepted in industry, although many leading firms have adopted the modification of paying better than the competition. State and local governments, as well as some other national governments (such as Canada and the United Kingdom), rely on this principle.

Until recent years, the principle of comparability could not be applied on a nationwide basis because there was no broad, acceptable source of comparative salary data from private enterprise. Now, however, the Bureau of Labor Statistics national survey of professional, administrative, technical, and clerical pay provides annually the requisite data on private enterprise pay. It is the only comprehensive and authoritative survey of its kind, and there are technically valid and established methods for translating the BLS data into Federal comparability pay levels.

Pay comparability would be established between the same levels of work in private enterprise and Government, that is, between levels of work having substantially the same degrees of difficulty, responsibility, and required qualifications. Although survey techniques require ascertaining private enterprise rates by occupation as well as

work level, the survey is so designed that the occupational rates at a given work level can be combined into a single rate representing the general level of private enterprise salaries for a work level equivalent to a Classification Act grade.

As will be explained later, comparability for the more specialized salary systems—postal, Foreign Service, Veterans' Administration medical—will be established by a systematic linkage of key levels with grades of the Classification Act.

Internal alinement principle

The internal alinement principle rests on the two concepts of equal pay for equal work and pay distinctions in keeping with differences in work and quality of performance. As with the comparability principle, the internal alinement principle is well established, both within and outside the Government. It is stated in the current Classification Act, the Postal Field Service Compensation Act, and the Foreign Service Act; and it is imbedded in public and private enterprise pay practices throughout the country. It is translated through different concepts in different systems, in some cases through evaluation of jobs and in other cases through evaluation of the qualifications of employees, but the same basic concept of internal equity underlies all systems.

The equal pay for equal work part of the internal alinement principle is now in effect and it works well, but pay distinctions for differences in work are not adequate under any of the statutory salary systems.

Proposed schedules would regularize and generally enlarge the differences in salaries between successive grade levels of positions. The new intergrade differentials recognize more appropriately the differences in responsibilities and furnish greater incentives for employees to strive to prepare themselves for higher responsibilities.

The proposed bill would improve the provisions for within-grade step increases and would make them more meaningful. The bill recognizes the importance of step increases by making them large enough to serve as material incentives and by allowing sufficient increases to sustain performance even where all or much of a career is served within a single grade or level.

Essential flexibilities

To maintain Federal salaries at levels comparable with private enterprise levels and to assure that other features of statutory salary systems are corrected and improved as experience shows the need, the bill provides that the President shall require an annual report, from an agency he designates, on the relationship of Federal salaries to those in private enterprise and shall submit an annual report to Congress recommending the adjustments in salary schedules, structure, and policy he considers advisable. This provision is a fundamental feature of the reforms proposed. It establishes a procedure for annual review of salary schedules and for annual adjustment when necessary to maintain the prescribed relationship to private enterprise pay levels. A systematic review of this kind is essential to prevent Federal salary schedules from relapsing to their present conditions.

When it is found that the Government is handicapped in recruiting and retaining well-qualified employees because private enterprise

salaries in an occupation or in a given place are substantially higher than salary rates of statutory schedules, the President or an agency which he designates may set higher pay scales than those in the nationwide Classification Act, Postal Field Service, Veterans' Administration medicine and surgery, or Foreign Service salary schedules. In setting the new scales, the entrance rate of a grade may be advanced up to but not exceeding the top scheduled rate of the grade, and all other rates of the grade may be advanced proportionately. Such adjustments may be made for positions in an occupation in all areas or in a given area; for all positions, or for all positions in certain grades, in a given area; or for any other appropriate grouping of positions.

Authority thus to advance salary scales is a modification of the present authority in section 803 of the Classification Act which permits the Civil Service Commission to raise the minimum rate of the grade--or hiring rate--for positions in shortage occupations paid under the act. Under the present authority, the minimum rate may be increased as high as the maximum rate but no increases are permitted for other step rates. Thus, when it becomes necessary to advance the minimum rate at a given grade of an occupation to the top rate of the grade, only a single salary rate may be paid to those in the class of position concerned. New employees enter at the same salary that is being paid to experienced, better performing employees, a situation that has caused understandable resentment among individuals who had been several years on the job. Advancing the entire rate range of a grade when the hiring rate is raised, as now proposed, will permit experienced employees at the higher step rates to retain the salary advantage they have earned over new appointees.

The proposed new authority would also permit a general increase of rates payable under salary systems in a place where general salary levels in private enterprise are so far above statutory salaries for corresponding levels of work that they handicap the Government's recruiting and retention of well-qualified personnel. Available information indicates that, once the Government's salaries are brought up to national average private enterprise levels, there are few places in which this condition may exist, and the authority to raise rates generally in a geographic locality or area would be used very sparingly and only where the need and justification is clearly and conclusively demonstrated.

In accordance with sound management principles and in the interest of coordination among Federal salary systems, the President would be authorized to issue policies and rules, to which would be subject the pay regulations issued by the Civil Service Commission, the Postmaster General, the Administrator of Veterans' Affairs, and the Secretary of State under the several Federal statutory salary systems. Present law fails to contain specific provisions making clear the Chief Executive's responsibilities for salary administration as a part of the general management of the executive branch.

CLASSIFICATION ACT REFORM

Title II of the proposed bill would achieve the specific additional reforms needed in the Classification Act system.

Structural reforms

One major reform of the Classification Act salary structure would be achieved through a regularized pattern of intervals between salaries at successive grades. Under the proposed bill, pay differentials between successive grades would be brought into a regularized pattern and the entry rates for all grades will be, upon full reform, not less than 10 percent apart. This spreading out of entry rates will relieve the compression now existing generally but especially severe at the higher grades.

Salary ranges of the grades would be made uniform. Each grade would have a 30-percent pay range—entry rate and nine step increases—except the top grades, which taper down to single rates because of ceiling considerations. Step increases would be uniformly large enough to serve their purposes as material incentives.

The present length-of-service requirements for step increases would be revised. Step increases are now granted every 52 weeks at GS-10 and below and every 78 weeks at GS-11 and above. Under the proposals, the first three step increases would each be granted after 52 weeks of satisfactory performance. Thus, step-ups would relatively frequent during the first 3 years on a job when performance normally improve rapidly. The next three steps would come at 2-year intervals, and the final three steps at 3-year intervals, when the aim is to motivate continued good performance. This revised use of step increases offers incentives over a period of 18 years. Most Classification Act employees receive promotions in grade and few work more than 18 years in a grade. At the same time, the revised use of step increases encompasses within the salary range of a grade what are now called longevity rates, thus removing unnecessary now-existent restrictions on the use of such rates.

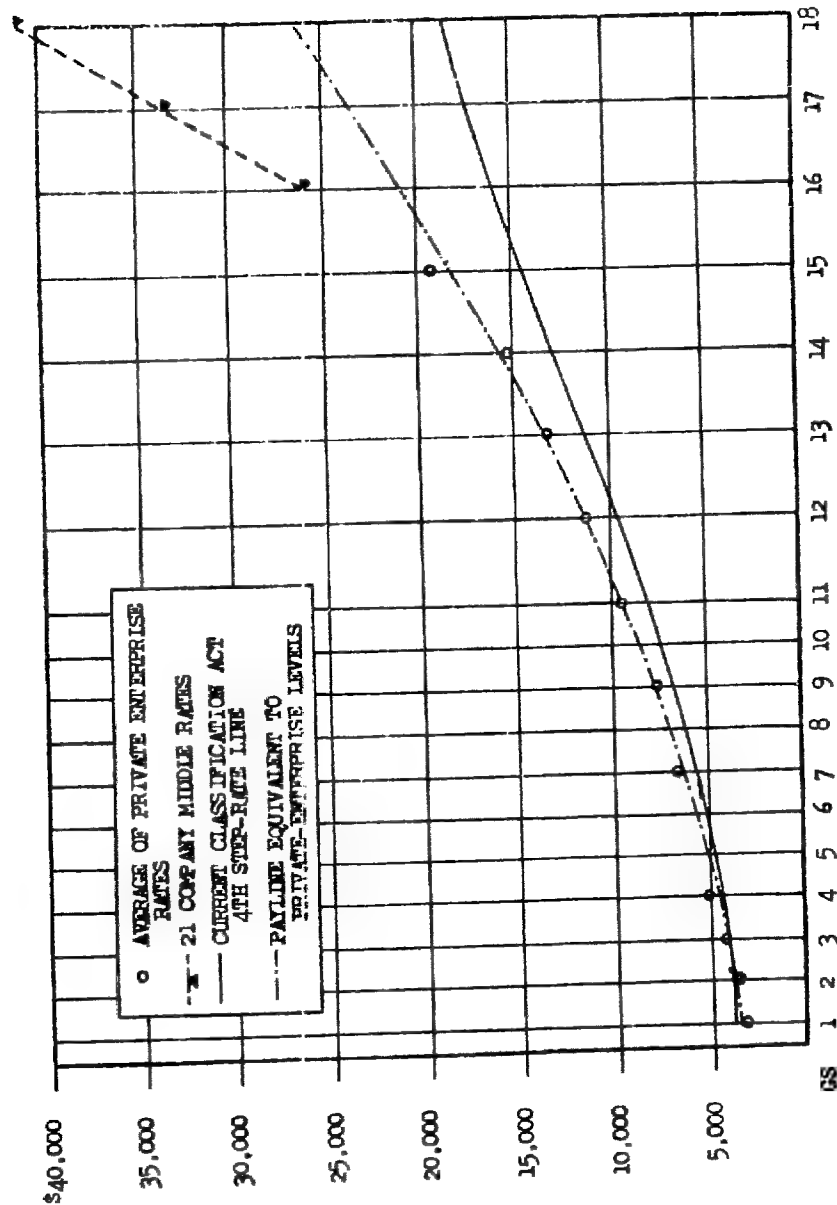
Comparability schedule

The Bureau of Labor Statistics surveys annually private enterprise salaries and reports national averages. The jobs surveyed involve work that is essentially the same in Government and industry and are representative of Classification Act grades GS-1 through GS-15. The survey covers 80 metropolitan areas, selected as representative of the 200 standard metropolitan areas. It covers all industries that are major employers of the occupations surveyed (manufacturing, public utilities, wholesale and retail trade, finance, and certain service industries). It covers establishments with 250 or more employees—gathering clerical and technical pay data from about 6,000 establishments, and professional and administrative data from about 1,600.

The Classification Act comparability pay schedule is constructed by combining the BLS averages for several occupational-work levels that equate with a given GS grade. From this information a regularized comparability pay line is developed through grade GS-15, and extended through grade GS-18 by continuing the same regularized shape, based on the internal alignment principle. The extension of the line above grade GS-15 was checked against the findings of the Civil Service Commission's study of salaries in 21 large corporations to assure its reasonableness. The construction of the pay line is shown by the following chart.

FEDERAL STATUTORY SALARY SYSTEMS

COMPARABILITY PAY LINE, CURRENT CLASSIFICATION ACT, AND 21 COMPANIES



The rate for each grade in the comparability pay line is adopted as the fourth step rate of that Classification Act grade, and the other rates for the rate range of each grade are computed on the basis of an interval between step rates equal to $3\frac{1}{4}$ percent of the entrance rate of the grade. The fourth rate of the grade is adopted as the pay line rate because it best represents the average rate of the grade for Classification Act employees and BLS findings represent average rates paid by private firms.

In Classification Act grades where the comparability schedule falls below current rates, the current schedule rates would be somewhat increased nevertheless.

Flexibilities in use of schedule

The proposed bill provides greater flexibility in pay administration.

The bill also includes the provision in H.R. 1010 which passed the House of Representatives on August 22, 1961. This provision would insure employees promoted to a higher grade a salary increase equivalent to not less than two step increases in the grade from which promoted.

The Classification Act in its present form contains no provisions for merit increases. Private enterprise relies heavily on merit increases for rewarding and encouraging its better employees. The proposed bill provides for use of step increases, under Civil Service Commission regulations, to reward high-quality performance. No more than one such increase could be granted an employee during a year. This authority would make it possible for Federal managers to reward appropriately the better performers, whose everyday contributions to Federal programs continuously exceed the contributions of their associates.

At various times in the past, the Classification Act system has permitted within-grade merit increases. In the early years of the act, increases were permitted to employees with specified efficiency ratings. Absence of coordination among agencies—with increases depending more on the condition of an agency's appropriation than on merit—led to the present system of automatic, length-of-service increases. A limited, relatively cumbersome system of superior performance increases remained in existence but proved unsatisfactory and the authority on which it rested was repealed in 1954. The present proposal takes a middle ground between the two extremes that proved unsuccessful under the Classification Act in the past.

The proposed bill also provides for appointing individuals with extra qualifications at a rate above the minimum of a grade, or for using a higher rate when the minimum would be lower than the candidate's current salary. This authority would also be exercised under Civil Service Commission regulations. It is designed to help attract high-quality personnel to the Federal service. There are many instances in which ability to offer a few hundred dollars more may enable the Government to secure the services of a well-qualified individual.

Under present law, there is no pay method for rectifying a situation in which a Classification Act supervisor is paid less than a wage board employee under his supervision. With Classification Act salaries at comparability levels, the incidence of situations of this sort should be sharply reduced but, with the supervisor's rate based upon a national average and the subordinate's rate on a local average, some of

these pay inversions may still be encountered. Accordingly, the proposed bill would permit an agency, under Civil Service Commission regulations, to raise the rate of the supervisor in these circumstances to a rate of his grade which is above the rate paid the wage board employee under his supervision.

Objectivity and equity would be provided in classifying positions at the higher career levels by removing the limitations on numbers of positions which may be placed in grades GS-16, GS-17, and GS-18. Existing special authorities for certain agencies to place a specified number of positions in grades GS-16, GS-17, and GS-18 without Civil Service Commission review would become less necessary and would be eliminated; but requirements for an annual report to Congress on positions in grades GS-16 and above would be retained. Limitations on the number of positions to be placed in a grade are inconsistent with the principle of alignment underlying the proposed reforms. A limitation of this kind prevents classification of positions at the grade levels appropriate to the duties, responsibilities, and qualifications required.

Addition of two new levels

As indicated in the opening paragraph, an important part of the salary reform plan is to return a few high-ranking positions of bureau directors and similar posts to the general salary structure. The positions, most of which were formerly under the Classification Act, had been granted higher compensation under the Federal Executive Pay Act or other authorities. Since these are not positions of heads or assistant heads of agencies, they are being placed in the Classification Act system, at grade levels and under procedures which fully recognize their special importance. Almost all of these will be placed in new grades GS-19 and GS-20, at salary rates considerably above GS-18, even though full comparability as projected from present comparisons with private enterprise cannot be attained. Personal action by the President, after review of recommendation by the Civil Service Commission, is required to place a position in either of the two new grades, to insure maintenance of high standards of responsibility and competence.

REFORM OF SPECIAL STATUTORY SALARY SYSTEMS

Linking

The BLS survey furnishes private enterprise salary data for occupations which are representative of the Classification Act but not for other Federal pay systems where the majority of jobs have few, if any, counterparts in private enterprise. As indicated earlier in this statement, in order to extend the principle of comparability to other statutory salary systems the proposed bill relates, or links, several key levels or ranks of each system with equivalent Classification Act grades. Linkage is based in most cases on an evaluation of duties, responsibilities, and qualifications required but also takes into account other factors which should affect pay, such as career patterns and opportunities for advancement, group characteristics of employees, employment conditions, and special requirements of the service concerned. All linkages were agreed upon by the Bureau of the Budget, the Civil Service Commission, and the department or agency concerned.

For each key level or rank so linked with a Classification Act grade, the salary level was established on the basis of the comparability pay rate used for the Classification Act grade. The remainder of the schedule was developed in accordance with the alinement and structure required by internal conditions and needs of the specific service.

Postal field service pay reform

Title III of the bill relates to postal field service compensation. Proposals are based on the principles of comparability and internal alinement and on the special career conditions at the lower levels.

To extend comparability salary levels to the postal service, PFS-20 and PFS-11 are linked with GS-17 and GS-11, respectively, through evaluation of duties, responsibilities, and qualifications required; and PFS-4 is linked with GS-5. Linking PFS-4 with a grade as high as GS-5 of the Classification Act schedule is not predicated solely on a work-level evaluation basis but on the additional considerations of the unique character of postal occupations, the full career served by many postal clerks and carriers in PFS-4 and the family responsibilities of most of them, and the relative scarcity of opportunities for advancement to higher work levels.

The fourth step rates of Classification Act grades GS-17, 11, and 5 were used as the fourth step rates of PFS-20, 11, and 4, respectively. The fourth rates of other postal levels were established by application of uniform intergrade differentials for levels PFS-1 through PFS-10 and another set of uniform differentials among levels above PFS-10. This established a PFS comparability pay line at the same general level as the Classification Act pay line.

The PFS comparability schedule was constructed by applying within-grade pay ranges patterned on those proposed for the Classification Act but substantially wider at the lower postal levels. Twelve within-grade increases, spread over 27 years and adding up to a 40-percent range, are proposed for PFS-1 through PFS-6, where employees normally spend their entire careers in a single level. The new PFS rate ranges replace the former longevity increases as well as the regular step-increases in the former pay schedule.

Time intervals between step increases would be the same as under the Classification Act: 1 year each for the first three, 2 years each for the next three, and 3 years each for the remainder. Additional step increases could be given for exceptional competence, and an individual with extra qualifications could be appointed at a rate above the minimum of the level.

Other revisions in the postal compensation system would guarantee a minimum two-step increase on promotion to a higher level or a three-step increase if promoted three or more levels; place rural carrier pay on a work requirement rather than a mileage basis; and modify the salary schedule for fourth-class postmasters.

Reform of salaries in the Veterans' Administration Department of Medicine and Surgery

Title IV of the bill is concerned with salaries of physicians, dentists, nurses, and directive staff in the Department of Medicine and Surgery of the Veterans' Administration. Proposals rest on the twin principles of comparability and internal alinement.

Pay comparability is brought about by linking the pay of:

Physician, Director grade (new) with GS -16.

Physician, associate grade with GS -11.

Director, nursing service with GS -15.

Nurse, junior grade with GS 6.

Salary ranges for intermediate grades of physicians, dentists, and directive staff and most grades of nurses were established by maintaining a regularized pattern of intervals between grades similar to the pattern used for the Classification Act. Directive level salaries are based on an upward projection of these salary schedules, except for the Chief Medical Director rate, which is linked to the new GS-20 grade.

Salary structures are improved by adding two new physician grades and dropping one former grade and by adding one nurse grade. The proposed Classification Act rate range, generally 30 percent, is used except at the highest levels, where lesser ranges or single rates are proposed.

Under existing law, the Administrator of Veterans' Affairs has wide discretion in determining what step rates will be established within prescribed statutory rate ranges and how the step rates will be used. His present authority would continue, but subject to the President's policy direction. Step rates within the statutory limits of the rate ranges would be set administratively, as they now are. The existing authority for 15 percent additional pay for specialists would be repealed. Proposed 30 percent rate ranges would provide an adequate spread to permit recognition of specialist qualifications.

Foreign Service pay reform

Title V would extend comparability and alignment principles to salary schedules of the Foreign Service under the Department of State.

Comparability would be brought about by linking the pay of—

FSO 4 with GS -13.

FSO -8 with GS -7.

FSS -1 with FSO -3.

FSS -10 (new) with GS -4.

The fourth rate of the class at the point of linkage is associated with the fourth rate of the corresponding Classification Act grade. A structure of regularized, slightly increasing interclass differentials provides the fourth rates of other Foreign Service officer classes. The rate for the highest class, Career Ambassador, is set at the same level as that for Chief Medical Director of the Department of Medicine and Surgery of the Veterans' Administration. Foreign Service Staff rates for other classes are derived from a uniform interclass differential pattern up to FSS-4, above which FSS salary levels conform with those for corresponding FSO classes. Ten FSS levels would replace the existing 22, the lower 9 of which seldom have been used.

Rate ranges for Foreign Service Staff classes would be 30 percent, with an entry rate and nine step increases, like the proposed Classification Act within-grade structure. Existing longevity increase provisions would be repealed. Except at top levels, where lesser ranges or single rates are used, 20-percent salary ranges are proposed for Foreign Service officer classes. Foreign Service officer career pat-

terns, because of the selection-out system and other factors, do not require a wide range of salaries for a class.

Existing law permits the Secretary of State substantial discretion in the use of within-class salary rates. His present authorities would remain in effect; they would be subject to Presidential policies and rules.

PHASING OF SALARY INCREASES AND COSTS

Because of the lag that has accrued over the past 20 years or more, bringing statutory salary schedules up to levels reasonably comparable with private enterprise would involve substantial cost in the intermediate levels and substantial individual increases at the top. To reduce the budgetary and economic impact and to provide a modest and orderly transition under a new governing principle for salary determination, it is proposed that the comparability principle be placed in effect through a 3-year phased program.

Accordingly, the proposed bill includes under the appropriate titles three salary schedules for each statutory salary system:

One effective the first pay period beginning on or after January 1, 1963.

One effective the first pay period beginning on or after January 1, 1964.

One effective the first pay period beginning on or after January 1, 1965.

The schedules have been so developed as to provide an annual increase of at least \$120 for all employees in the third schedules to be effective after January 1, 1965.

Results of Bureau of Labor Statistics annual surveys reported in the meantime will be taken into account in the annual reports and recommendations to Congress required under title I of the proposed bill. Thus the effects of any intervening changes in national salary levels can be considered before second-phase and third-phase schedules become operative.

Increases in annual costs under the reform proposals would be distributed as follows:

Annual cost increases

[Millions of dollars]

Salary system	Proposed comparability schedules	First phase alone, 1963
Classification Act.....		
Postal field service.....	\$733.7	\$307.2
Veterans' Administration, medicine and surgery.....	267.0	118.3
Foreign Service.....	31.3	12.4
	26.5	10.1
Total.....	1,058.5	448.0

Although designed to reform statutory salary systems rather than to provide a pay raise, the bill would raise salary levels substantially. Increases are greatest at the higher levels, because these are the levels which have been allowed to lag farthest behind while national salary levels have been consistently rising. Classification Act increases during the three-phase program would vary from a 3.7-percent increase at grade GS-1 to a 38-percent increase at GS-17 and a 32-percent

increase at GS-18. Similarly, postal salary increases would range from 7.5 percent at PFS 4 to 26.5 percent at PFS-20. Veterans' Administration medicine and surgery salaries would be raised 11.8 percent for junior grade nurse, 41 percent for the Deputy Chief Medical Director, and 37 percent for the Chief Medical Director. In the Foreign Service, salaries for new FSS class 10 would be 3.6 percent above those of the former corresponding class, and salaries for career Ambassadors would become 45 percent higher than at present.

The reform program would produce the following average salary increases under the several statutory systems:

Average percentage salary increases

Salary system	Proposed comparability schedules	First phase alone, 1963
Classification Act	11.0	4.6
Postal field service	7.9	3.5
Veterans' Administration, medicine and surgery	16.8	6.6
Foreign Service	18.1	6.9
Overall average	10.2	4.3

Even though the overall average increase under the comparability schedule is less for the postal system, the fact is that at the most heavily populated postal level the average increase is greater than at the corresponding Classification Act grade.

Once Federal salaries have been brought into adjustment with comparability levels, future increases can be expected to be distributed more evenly over the higher and lower grades, and to have smaller fiscal impact in any one year.

MISCELLANEOUS

Title VII contains most miscellaneous provisions; others affecting only a single salary system are in the appropriate title.

The principal provisions of title VII relate to existing authorities to set salaries for specified numbers of positions in certain scientific activities without regard to the Classification Act. The positions are in the Departments of Defense, Interior, Agriculture, Health, Education, and Welfare, Commerce, and Post Office, the National Security Agency, National Aeronautics and Space Administration, Federal Aviation Agency, and Arms Control and Disarmament Agency. Salaries generally are restricted to the range between \$12,500 and \$19,000, but a maximum of 30 positions in the National Aeronautics and Space Administration may be paid up to \$21,000 a year.

Title VII, in place of the present fixed dollar limitations, would authorize salaries in the range between the minimum rate of grade GS-16 and the pay of grade GS-18. Under the first phase Classification Act schedule effective January 1, 1963, the range would be \$16,400 to \$20,315. A year later it would be \$17,970 to \$22,740; and on January 1, 1965, it would become \$19,125 to \$24,500. A special provision would permit immediately setting salaries for a maximum of 30 positions in the National Aeronautics and Space Administration (which may now be compensated up to \$21,000 a year) at not to

exceed the rate for grade GS-18 which would be in effect after January 1, 1965, under title II of the proposed bill.

This proposal would produce much needed increases in salaries for the positions concerned, generally those of scientists engaged in advanced research and developmental studies. More important, linking the rate range for these positions to specified Classification Act grade ranges would produce automatically appropriate adjustments in the salary limits for these positions whenever the Classification Act and other statutory salary schedules are adjusted as a result of movements in national private enterprise salary levels.

Other miscellaneous provisions in the bill would, for example, make desirable changes in provisions for salary retention in downgradings under the Classification Act and for necessary conversion of employees' present salaries to those under the proposed schedules.

The effective date of all provisions of the bill other than the second-phase and third-phase salary schedules would be the first pay period beginning after January 1, 1963.

CONCLUSION

Enactment of the proposed bill would gradually bring Federal statutory salaries up to levels reasonably comparable with rates paid in private enterprise and would establish equitable relationships among Federal pay systems. The proposed bill offers a "governor" standard which objectively controls pay levels and automatically sets in motion needed periodic adjustments, and provides for executive recommendations, as needed, on salary structure and compensation policy.

Taken as a whole, provisions of the proposed bill would provide a powerful continuing force for improved management in the Federal service and competent execution of the programs that the Congress prescribes for administration by the executive branch.

SECTION ANALYSIS

TITLE I —GENERAL POLICY

Section 101: Provides that the act may be cited as the "Federal Salary Reform Act of 1962."

Section 102: This section sets forth the policy of the Congress that pay of Federal civilian personnel shall be established upon the principles of equal pay for substantially equal work with pay distinctions maintained in keeping with work and performance distinctions; and that Federal salaries shall be comparable with salaries in private enterprise for the same levels of work. The declaration of policy further states that pay levels of the several Federal statutory salary systems shall be interrelated, and that pay levels shall be set and hereafter adjusted in accordance with these principles.

Section 103: This section provides that in order to give effect to the policy stated in section 102, the President shall direct an appropriate agency, or agencies, to prepare and submit to him an annual report comparing salary rates paid to Federal employees whose rates are fixed by statute with rates paid for the same levels of work in private industry as determined on the basis of annual surveys of the Bureau of Labor Statistics of the Department of Labor. After seeking the views of employee organizations the President is required to make an annual report to the Congress containing the comparison of Federal and private enterprise salary rates and such recommendations for revision of statutory salary schedules, salary structure, and compensation policy as he deems advisable.

Section 104: Subsection (a) of this section provides that whenever the President, or such agency or agencies as he may designate, finds that salary rates in private enterprise for one or more occupations in one or more areas or locations are so substantially above the salary rates of statutory pay schedules as to handicap significantly the Government in recruiting and retaining well qualified persons in positions paid under the Classification Act of 1949, the Postal Field Service Compensation Act of 1955, the pay scales applicable to certain positions in the Department of Medicine and Surgery of the Veterans' Administration, or the Foreign Services Act of 1946, the President, or the agency or agencies designated by him, may for such areas or locations, establish higher minimum rates of pay for one or more grades or levels, occupational groups, series, classes, or subdivisions thereof, of one or more of the acts cited. Corresponding increases may be made in all step rates of the salary range for each such grade or level but no minimum salary rate so established may exceed the highest salary rate prescribed by law for the grade or level.

Subsection (b) provides that such rates may be revised from time to time and that such actions shall have the force and effect of law.

Subsection (c) provides that any increase in basic compensation established under section 104 shall not be regarded as an equivalent increase in compensation for purposes of within-grade advancement

under the Classification Act or the Postal Field Service Compensation Act.

Section 105: This section provides that the functions, duties, and regulations of the departments and the Civil Service Commission with respect to compensation grades and salary scales under title I of this act, the Classification Act, the Postal Field Service Compensation Act, the Foreign Service Act, and chapter 73 of title 38 of the United States Code (relating to compensation of medical and nursing positions in the Department of Medicine and Surgery of the Veterans' Administration) shall be subject to such policies and rules as the President may issue. The rules and policies of the President may, among other things, provide for (1) the annual preparation and report to him of the comparison of salary rates in the Federal Government with those in private enterprise; (2) obtaining and reporting the views of employee organizations on the annual comparison of salary rates, and on other compensation matters; (3) reviewing and reporting to him on the adequacy of the various statutory salary structures; (4) reviewing relationships of Federal statutory salary rates and those of private enterprise in specific occupations and local areas; and (5) providing step increases in recognition of extra competence, for appointment at salary rates above the minimum, and for properly relating supervisory salary rates paid under one system to subordinates paid under another system.

TITLE II—PAY SYSTEM OF CLASSIFICATION ACT OF 1949

Section 201: This section provides that title II may be cited as the "Classification Act Amendments of 1962."

Section 202: This section adds two new grades, GS-19 and GS-20, to the General Schedule of the Classification Act. The new grades are primarily to accommodate outstanding positions being brought under the act, by other sections of the bill which are presently paid under the Executive Pay Act or individual statutory authorities.

Section 203: This section contains the proposed compensation schedule for the General Schedule of the Classification Act, and the conversion rules for the three phases of the salary adjustment plan which would become effective in 1963, 1964, and 1965.

Subsection (a) prescribes the compensation schedule for the general schedule for the first phase of the pay adjustment program which would be effective on the first day of the first pay period which begins on or after January 1, 1963. The schedule contains 10 per annum rates in lieu of 7 scheduled and 3 longevity rates currently provided for GS-1 through 10; 10 rates for GS-11 through 14 in lieu of 6 scheduled and 3 longevity rates; 10 rates for GS-15 in lieu of 5 scheduled and 3 longevity rates; and 7 rates for GS-16 in lieu of the 5 rates currently provided by the Classification Act. Grade GS-17 will have four rates in lieu of the present five, and GS-18 would continue to have a single rate. Because the number of regular step rates is increased, the current provisions for longevity step increases in title VII of the Classification Act are no longer needed and are repealed in subsequent sections of the bill.

Subsection (b) of this section specifies the rules by which existing pay rates are to be automatically adjusted to the rates of the new schedules. The general principle is that employees are to retain the same relative place within the new grade range as they had within

their former grade range. This principle, however, requires special provisions where the number of rates is not the same in both the old and the new grade range. Hence, some special transition rules are provided relating primarily to grades GS-11 and above.

Paragraph (9) of subsection (b) provides that service immediately preceding the effective date of subsection (a) of the section shall be counted toward not to exceed one step increase under the time in grade provisions of section 701(a) of the Classification Act, as amended by this act.

Subsection (c) of this section provides the compensation schedule for the general schedule for the second phase of the pay adjustment program which would be effective on the first day of the first pay period beginning on or after January 1, 1964.

Subsection (d) of this section specifies the rules for automatically converting then existing pay rates to the rates of the new schedule. The general principle is again followed that employees are to retain the same relative place within the new grade range as they did in the former grade range. The conversion rules are somewhat simpler in this instance because the number of rates in the salary range of each grade is the same under the 1963 and 1964 compensation schedules.

Subsection (e) of this section provides the compensation schedule for the general schedule for the third phase of the pay adjustment proposal. It would become effective on the first day of the first pay period which begins on or after January 1, 1965.

Subsection (f) specifies the necessary rules for converting the pay rates of the 1964 schedule to those of the 1965 schedule. The rules are identical to those prescribed in subsection (d).

Section 204: This section amends title VII "Step-Increases" of the Classification Act. Title VII currently provides two types of step-increases: (1) Periodic step-increases under section 701, and (2) longevity step-increases beyond the scheduled maximum rate of the grade under section 703. Longevity steps are given as a reward for long and faithful service. As amended by this bill, title VII provides for (1) periodic step-increases, and (2) additional step-increases to be granted in recognition of high quality performance.

Section 701 now provides periodic step-increases, for employees below the maximum rate of the grade, for each 52 calendar weeks of service if the amount of the step-increase is less than \$200, or 78 weeks of service if the employee's position is in a grade in which the step-increase is \$200 or more. As amended, section 701(a) provides for periodic increases following the completion (1) of each 52 calendar weeks of service in salary rates 1, 2, and 3, (2) 104 calendar weeks of service in salary rates 4, 5, and 6, and (3) each 156 calendar weeks of service in salary rates 7, 8, and 9. These periods of service apply regardless of the grade and the dollar amount of the salary increment.

Paragraphs (A) and (C) of subsection (a) which relate to eligibility for step increases are in existing law. Paragraph (B) requires, as a prerequisite to within-grade advancement, that the employee's work is of an acceptable level of competence in contrast with the present wording that the employee has a current performance rating of "satisfactory" or better.

Subsection (b) of the revised section 701 is present law.

Section 702 of the Classification Act as embodied in the bill authorizes, in subsection (a), additional step increases in recognition of high

quality performance above that ordinarily found in the type of position concerned. Such additional step increases could be made in accordance with regulations prescribed by the Civil Service Commission and, under subsection (b), would be limited to not more than one within any period of 52 weeks.

Current provisions of sections 703 and 704 of the Classification Act relating to longevity step increases are no longer needed since these steps have been included in the regular rate range for the respective grades. The provisions are therefore repealed. Section 703 of the amended title VII which is already in existing law (as sec. 705) provides that title VII shall not apply to persons appointed by the President, by and with the advice and consent of the Senate. It recognizes that such persons should not be subject to the usual restrictions on step increases since their appointments are frequently of limited duration, being more or less dependent upon changes in political administration. Usually it cannot be expected that such noncareer officials will serve the necessary time to receive full advantage of the step-increase plan. Therefore, heads of departments and agencies should be left free to increase their compensation within the salary range of their grades without regard to the time and other limitations of title VII.

Section 205: This section amends section 801 of the Classification Act which now requires that all appointments shall be made at the minimum rate of the appropriate grade. This would continue to be the general rule. However as an aid in attracting high quality personnel to the Federal service, section 801 as amended would permit appointments at rates above the minimum of the grade under regulations prescribed by the Civil Service Commission in the following circumstances: (1) Individuals having extra qualifications for the position concerned could be appointed at such higher rate of the grade as the Commission might authorize. (2) Well-qualified individuals whose non-Federal salaries are above the minimum rate of the grade to which they would be appointed, and who otherwise would decline appointment or take a reduction in income if the Government's offer is accepted, could be appointed at a rate above the minimum. Under these circumstances, no appointment could be made at a rate higher than the lowest rate of the appropriate grade which equaled or exceeded the appointee's salary rate immediately prior to appointment. The authorization is permissive in both categories of exceptions.

Section 206: This section amends section 802 of the Classification Act by revising the current subsection (b) and by adding a new subsection (d).

Subsection (a) of section 205 revises section 802(b) of the Classification Act to provide that when an officer or employee is promoted or transferred to a position in a higher grade he shall receive basic compensation at the lowest rate of the higher grade which exceeds his existing rate of basic compensation by not less than two step increases of the grade from which he is promoted or transferred. In the event that there is no rate in the higher grade which is at least two step increases above his existing rate of compensation, the officer or employee would receive either the maximum rate of the higher grade or his existing rate of basic compensation if it is higher. Existing law provides only a one-step increase upon promotion or transfer to a higher grade. This proposal is included in H.R. 1010 which passed the House of Representatives on August 22, 1961.

Subsection (b) of section 205 adds a new subsection (d) to section 802 of the Classification Act. There is no present authority for saving the basic compensation of an employee who, together with his position, is brought under the Classification Act from some other Federal pay system (such as the wage-board system), if his salary rate is in excess of the maximum rate of the classification grade in which his position is placed. The present situation not only works a hardship on the employee whose compensation is reduced, but it discourages and hinders the transfer of positions from one system to another when this is required to be done. The new subsection would authorize the Civil Service Commission to issue regulations to permit the retention of salary in such instances. It also provides that if an employee is demoted to a position of lower grade under the Classification Act, his salary will be determined under section 507 of that act which relates to demotions from one grade to another. At the same time subsection (d) provides that the employee's service in the position which was brought under the act shall, for the purpose of computing time in grade under section 507, be considered as service under the Classification Act.

Section 207: This section repeals the current provisions in section 803 of the Classification Act which authorize the Civil Service Commission to increase the existing minimum salary rate for a given class of positions whenever it finds that a sufficient number of qualified eligibles in such class cannot be secured and that there is a possibility that a sufficient number can be secured at a higher rate. Because of the more comprehensive provisions in section 104 of title I of the bill, the present provisions of section 803 are unnecessary and therefore are being deleted. Section 803, as amended, is designed to ameliorate a situation which has long plagued certain segments of the service and has been detrimental to morale wherever it existed. The new section provides that under regulations of the Civil Service Commission, any employee in a position under the Classification Act who regularly has responsibility for supervision, including technical supervision, over employees whose pay is fixed by wage boards or similar administrative authorities, may be paid a rate for his grade which is above the highest rate of basic compensation being paid to any such prevailing-rate employee regularly supervised.

Section 208: This section amends section 507 of the Classification Act which provides for the retention of salary when an employee is demoted to a lower grade. The amendment in the first paragraph makes the provisions of the section applicable to officers and employees in all grades of the Classification Act. The amendment in paragraph (2) is a minor change in language, but one which will permit salary retention in some cases not now permitted under section 507.

Section 209: This section materially amends section 505 of the Classification Act. All present provisions of that section are repealed with the exception of the provision requiring that no position shall be placed in grade 16, 17, or 18 of the general schedule except by action of, or after prior approval by, a majority of the Civil Service Commissioners. The numerical limitations on the top grades are repealed as are all special authorizations to designated agencies for positions in grades 16, 17, and 18 of the general schedule some without the benefit of review by the Civil Service Commission.

Subsection (b) provides that a position shall be placed in new grade GS-20 only when the President finds, after review of recommendations

of the Civil Service Commission, that it involves responsibility for direction of a program or activity with sufficiently significant implications for the national interest or sufficient magnitude of operations and impact on the public interest that it should be placed in the highest grade of the Classification Act.

Subsection (c) provides that a position shall be placed in new grade GS-19 only when the President finds, after review of recommendations of the Commission, that its responsibilities are of such national significance that it should be at a higher level than grade GS-18 but it does not measure up to the requirements of grade GS-20.

Subsection (d) of section 505 requires the Commission to submit an annual report to the Congress with respect to positions placed in grades 16, 17, and 18 of the general schedule and the incumbents of such positions. The requirements are quite similar to those currently prescribed in section 503 of the act of July 31, 1956 (70 Stat. 762), which is repealed in section 209 of the bill.

Section 210: This section expressly repeals those provisions of law relating to (1) incumbency allocations to specific top grades of the Classification Act; (2) special agency authorizations in laws other than the Classification Act for positions in, or paid at salary rates related to, the top grades of that Act; (3) provisions relating to required reports on the top grades and the rates and administration of the Classification Act; and (4) section 803 of the Classification Act.

Section 211: This section amends certain provisions of the Foreign Assistance Act of 1961 and the Mutual Educational and Cultural Exchange Act of 1961.

Subsection (a) repeals that part of section 625(b) of the Foreign Assistance Act of 1961 which reads—

of whom not to exceed fifty-one may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended (5 U.S.C. 1071 et seq.), and of these, not to exceed eight may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per year.

Subsection (b) repeals section 625(c) of the Foreign Assistance Act which reads as follows:

(c) Of the personnel employed in the United States to carry out part II, not to exceed eight may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed three may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per year. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

Subsection (c) amends section 104(b) of the Mutual Educational and Cultural Exchange Act of 1961 by repealing that part of subsection (b) which reads as follows:

and of such personnel not to exceed ten may be compensated without regard to the provisions of the Classification Act of 1949, as amended, and of these not to exceed five may be compensated at a rate in excess of the highest rate provided for grades of the general schedule established by the Classification Act of 1949, as amended, but not in excess of \$1,000 per annum more than such highest rate. Such positions shall be in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

The effect of these amendments, which, internally, are inconsistent with the compensation schedules proposed in title II, is to place all

of these positions under the Classification Act as proposed in section 211(a) of the proposed bill.

Section 212: Subsection (a) provides that each position specifically referred to in or covered by any amendment or repeal made by sections 209 and 210 shall be placed in the appropriate grade of the general schedule of the Classification Act, in accordance with the provisions of that act.

Subsection (b) provides that positions in grades 16, 17, and 18 of the general schedule immediately prior to the effective date shall remain in such grades until appropriate action is taken under section 505 of the Classification Act.

Section 213: This contains the usual savings provisions.

Subsection (a) provides that changes in law made by title II shall not affect any position existing immediately prior to such changes, the compensation attached to such position, any incumbent thereof, his appointment, and his right to receive the compensation attached to the position until appropriate action is taken in accordance with this title.

Subsection (b) provides that the incumbent of each such position immediately prior to the effective date of title II shall continue to receive the basic salary which he received immediately prior to the effective date until he leaves his position or until he is entitled to receive a higher rate in accordance with law. The rate of basic compensation of subsequent appointees to such position will be determined in accordance with provisions of the Classification Act.

Section 214: This section provides that except as provided in section 202, title II shall become effective on the first day of the first pay period which begins on or after January 1, 1963.

TITLE III—POSTAL FIELD SERVICE EMPLOYEES

Section 301: This section contains the short title of this title: "Postal Employees Salary Adjustment Act of 1962."

Section 302: The salary schedule for the postal field service schedule (PFS), included in the amendment to section 3542 of title 39 of the United States Code, follows the pattern established for other statutory pay systems in that it is based on the principle of industry comparability for levels of work. Comparability in this instance was established through reference to the Classification Act schedule since private industry equivalents are more readily obtainable with positions ranked under that act than under the postal pay system.

Linkages were established with the Classification Act schedule by equating PFS-4, PFS-11, and PFS-20 with GS-5, GS-11, and GS-17, respectively. In order to validate these reference points, positions in the PFS system were evaluated by reference to the Classification Act. The level of duties and responsibilities found in PFS-11 and PFS-20 corresponded to those identified with GS-11 and GS-17. While the level of duties and responsibilities found in PFS-4 positions bear some similarity to clerical positions in GS-4, distinctive employment conditions prevailing in the postal field service warranted linkage with GS-5.

The PFS comparability pay line, drawn through the points of linkage, produces a schedule with intergrade differentials of 8.2 percent from PFS-1 through PFS-9 and 10.9 percent from PFS-10 through

PFS-20. Adoption of this pattern preserves generally the present alinements within the postal pay system, yet, at the same time, corrects deviations from the standard progressions which have been incorporated into the present structure. To illustrate, the present inter-grade differential between PFS-3 and PFS-4 is 9.9 percent and that between PFS-4 and PFS-5 is 5.9 percent. The narrowness of the latter differential compresses the schedule so that step 1 of PFS-7, the predominant level for firstline supervision, exceeds step 1 of PFS-4 by only 23.6 percent; the proposed schedule raises this differential to 26.9 percent.

Within-grade step differentials are 3.3 percent of step 1 for each level, as proposed for other Federal pay systems. Because of variations in the number of steps, rate ranges vary from approximately 40 percent for levels 1 through 6, to 33 percent for level 7, 30 percent for levels 8 through 18, and somewhat less for levels 19 and 20.

The proposed schedule replaces both annual salary steps in the present PFS schedule and longevity steps. The combination is accomplished by the addition of step increases to the PFS schedule to be attained on the basis of periodic advancement within the level.

This section provides three schedules which are to become effective on the first day of the first pay period which begins on or after January 1 of 1963, 1964, and 1965, respectively.

Section 303: Subsection (a) of this section amends section 3543(a) of title 39 by establishing a new schedule for determining rural carrier pay and by combining the present salary steps and longevity steps into a single 13-step schedule. In this respect, the rural carrier schedule (RCS) follows the pattern of the PFS schedule.

Pay rates for the RCS schedule were determined by adding the amount of increase provided in each phase for PFS-4, step 7, to the present step 7 rate for the 58-mile route. This route represents the average length of route in 1962.

Within-grade step differentials approximate 3.3 percent and the total range of rates is approximately 40 percent as in the PFS schedule.

The three schedules would become effective in 1963, 1964, and 1965.

Subsection (b) substitutes a system of pay based on weekly work requirements of the route for the present system which relates pay primarily to miles of route. Five service classifications are established.

The weekly work requirements will be determined from measurable route characteristics, such as mail count, number of miles, and number of boxes. To allow for variations in conditions from day to day, or season to season, the pay related to each service classification will compensate for a larger number of hours than are specified as weekly work requirements for the respective classifications.

Premium pay at overtime rates is provided for routes in service classification E, where weekly work requirements exceed 40 hours per week, as shown in the table of rates applicable under the 1963 phase to the respective service classification. Special provision is made in subsection (b)(2) for determining compensation on triweekly routes.

PER ANNUM RATES AND STEPS

	1	2	3	4	5	6	6	8	9	10	11	12	13
A.....	\$3,686	\$3,808	\$3,929	\$4,051	\$4,172	\$4,294	\$4,416	\$4,537	\$4,659	\$4,780	\$4,902	\$5,024	\$5,145
B.....	3,977	4,108	4,239	4,371	4,502	4,633	4,764	4,895	5,027	5,158	5,289	5,420	5,551
C.....	4,268	4,409	4,550	4,690	4,831	4,972	5,113	5,254	5,394	5,535	5,676	5,817	5,958
D.....	4,559	4,700	4,840	4,980	5,121	5,261	5,401	5,542	5,682	5,823	5,963	6,104	6,244
E.....	4,850	5,010	5,170	5,330	5,490	5,650	5,810	5,970	6,130	6,290	6,450	6,610	6,770

ANNUAL RATE OF OVERTIME PAY, PER HOUR OVER 40

\$181.88	\$187.88	\$193.88	\$199.88	\$205.88	\$211.88	\$217.88	\$223.88	\$229.88	\$235.88	\$241.88	\$247.88	\$253.88
----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------

Studies of rural routes have confirmed the fact that route mileage is not an equitable basis on which to determine pay. Routes with identical mileage vary greatly in terms of workload. At the same time, routes which vary greatly in length and, consequently, in compensation for the carrier, have the same workload characteristics in terms of time required. Data collected from a sample of routes participating in the 1960 inspection showed, for example, that application of the service classification, based on uniform time standards, to randomly selected routes would have resulted in the following distribution:

Miles of route	Present annual salary step 7	A	B	C	D	E
29.....	\$4,034	5				1
42.....	5,305	11	4	1	1	1
58.....	5,689	10	3	2	2	2
69.....	5,953	1	7	5	4	3
74.....	6,073	1	1	2	3	3

The system of service classification proposed does not take into account differences in the working speed or efficiency of individuals. Carriers who complete their work in less than the standard time assigned to their routes will not be penalized. At the same time, carriers who do not meet the average time standards will not be paid additional compensation for excess time devoted to the performance of regular service or the route.

Subsection (c) replaces section 3543(c) of title 39 of the United States Code.

Present law authorizes the payment of an additional allowance to carriers serving heavy duty routes of 61 miles or less in length. In administering this provision of law, the Department has developed work standards which have been applied to determine eligibility of routes for qualification as heavy-duty routes. The same standards have been applied to give relief on overburdened routes for which heavy duty compensation is either insufficient or not available because of excess mileage. Subsection (c)(1) incorporates these work standards which contain time values for various types of mail handled as well as for miles of route and boxes served. The standards will be applied to all rural routes.

Under certain circumstances a carrier may be given auxiliary assistance to help in the office work or on the route. Subsection (c)(2) provides a conversion factor for reducing work requirements on rural

routes when auxiliary assistance is furnished. The ratio is established at 50 minutes for each hour of assistance. It is anticipated that relief will be afforded in the most practical and efficient manner, on one or more days in the week. For example, relief may be afforded on a 48-hour route by excusing the carrier from duty on one day and assigning an auxiliary assistant to the performance of all the work on the route on that day.

Subsection (d): The current provisions of section 3543(d), title 39, United States Code, are to be reenacted as subsection 303(k).

Subsection (d) of section 3543 is amended to require the Postmaster General to make inspections of rural routes to serve as the basis for determining service classification. Under paragraph (1), the Postmaster General is required to provide for annual inspections. Under paragraph (2) he is required to provide for additional inspections initiated by management or at the request of a rural carrier for reclassification due to service changes. Under paragraph (3) the Postmaster General is required to determine the tentative service classification of a new route to be followed by inspection.

Subsection (e): This subsection amends section 3543(f) of title 39 of the code, which currently relates to allowances for equipment maintenance. The present allowance for routes other than heavy-duty routes is \$3.50 per day or 10 cents per mile, whichever is greater; on heavy-duty routes, the Postmaster General is authorized to pay an additional allowance up to \$2.50 per day. While retaining 10 cents a mile as the standard allowance, the proposal increases the minimum daily allowance to \$4 for routes requiring less than 260 stops to serve the route. Routes requiring more than 260 stops have features insofar as wear and tear on equipment is concerned, which are similar to heavy-duty routes; paragraph (2)(B) will provide all such routes with an equipment allowance comparable to that now available only on heavy-duty routes.

Subsection (f): This amendment to section 3543 of title 39 contains three provisions.

The first, subsection (i), changes the method of compensating substitute rural carriers. Under the present system, these carriers are paid at the rate of the carrier in whose absence they are serving. Under the new provision, substitute carriers will receive appointments at step 1 for the route, and they will earn step increases in the same manner as other substitutes in the postal field service.

Since service as a substitute rural carrier is not creditable under present law for step increases, no credit is given upon conversion for past service in this capacity.

The second, subsection (j), authorizes the Postmaster General to advance service classifications of rural routes during the Christmas mailing season.

The third, subsection (k), reenacts subsection (d) of 39 U.S.C. 3543, which authorizes the payment of additional compensation to carriers carrying pouch mail to intermediate post offices or for serving intersecting loop routes.

Section 304: This section amends section 3544(a) of title 39 of the code.

The proposed schedule for postmasters in fourth-class post offices continues to relate compensation on receipts categories.

The schedule for the 1963 phase provides minimum compensation at the rate of \$1.25 per hour, the new statutory minimum wage, for

2 hours of daily employment in the lowest receipts category. In the next six categories, the same minimum rate is provided for graduated hours of daily employment. The minimum hourly rate for the highest category, based on 8 hours of daily service, is \$1.41. Like the PFS schedule, within-grade step differentials average approximately 3.3 percent and the range from step 1 to step 13 is approximately 40 percent.

The 1965 schedule, providing for full reform, will raise the minimum pay of postmasters in fourth-class post offices to \$1.30 per hour.

Section 305: This section amends 39 U.S.C. 3552, which relates to advancement of employees by step-increases.

Under subsection (a), the schedule of advancement is established. The present schedule of advancement provides for increases based on 52 weeks of service in a step until step 7, the highest step in the existing schedule, is reached. Thus, an employee entering on duty in PFS-4, step 1, would reach step 7 upon completion of six 52-week periods, or after approximately 6 years of service in that level. Under the new schedule, the employee will be advanced to steps 2, 3, and 4, on the basis of 52 weeks of service in each step, to steps 5, 6, and 7, on the basis of 104 weeks of service, and to steps 8 and above, on the basis of 156 weeks of service. To reach step 7 under the new schedule, an employee entering on duty in PFS-4, step 1, would complete nearly 9 years of service; he would reach step 13, the last step for his level, upon completion of nearly 27 years of service.

Subsection (b), 39 U.S.C. 3552, codifies and makes permanent a provision of law common to salary increase legislation affecting postal employees. In effect, it provides that statutory increases in basic compensation are not equivalent increases for purposes of determining eligibility for advancement under subsection (a).

Subsection (c) reenacts the last sentence of 39 U.S.C. 3552(a) as a separate subsection.

The current provisions of 39 U.S.C. 3552(b) are, in effect, repealed by this amendment. Under present service conditions, withholding of advancement by step-increases from substitutes in PFS-5 assigned to road duty cannot be justified.

Section 306: This section amends 39 U.S.C. 3554 by deletion of the phrase "under the postal field service schedule" and insertion in its place, the phrase, "in the postal field service." The purpose of this change is to permit the payment of compensation to temporary rural carriers serving under limited appointments in the same manner as to other postal field service employees. In effect, this change will continue the present method of compensation of these carriers.

Section 307: This section amends 39 U.S.C. 3559 in its entirety. The present method of promotion guarantees to each employee a minimum increase equivalent to the difference between step 1 of the level from which promoted and step 1 of the level immediately above. The new provision will guarantee to each employee promoted to a higher level a minimum increase equivalent to two step increases of the level from which promoted; if the employee is promoted to a level more than two levels above the level of his position, he will receive a minimum increase of three step increases.

FEDERAL STATUTORY SALARY SYSTEMS

27

Comparison of promotion benefits (1963 phase)

Level and step	Level to which promoted	Present step in higher level	Amount of increase	Proposed step in higher level	Proposed increase
PFS-3, step 3.....	PFS-4.....	Step 3.....	\$420	Step 3.....	\$370
PFS-4, step 7.....	PFS-5.....	Step 7.....	260	Step 7.....	455
PFS-4, step 7.....	PFS-7.....	Step 3.....	435	Step 2.....	505
PFS-6, step 4.....	PFS-7.....	Step 4.....	425	Step 4.....	480
PFS-7, step 7.....	PFS-8.....	Step 7.....	540	Step 7.....	565
PFS-10, step 6.....	PFS-11.....	Step 6.....	790	Step 5.....	560

The provisions of 39 United States Code, section 3559(b) are, in effect, repealed by this amendment. Under current law, regular clerks and carriers in first- and second-class post offices become eligible for promotion upon reaching the maximum step, step 7, for their positions, or after 6 years of service. Under the new schedule, they will reach the maximum step in approximately 27 years. Continuation of this restriction is not consistent with the new compensation plan.

Section 308: The changes proposed in the amendment to 39 U.S.C. 3560 are conforming changes to make possible continued salary protection for rural carriers. Premium compensation derived from assignment to classification E is the equivalent of heavy-duty allowance in excess of that provided for 40 hours, now excluded from salary protection.

Section 309: The purpose of this amendment is to remove the limitation on the present authority of the Postmaster General with respect to the establishment or extension of star routes in areas previously served by rural routes. Under present law, such substitution may not be made if a qualified rural carrier can be obtained. This change will permit the Postmaster General to exercise administrative discretion in the selection of the more efficient or economical service.

Section 310: The new salary plan abolishes longevity steps and provides for recognition of long service through addition of within-grade steps. Therefore, the distinction made in sections 3101(5) and 3101(6) of title 39, between basic salary and basic compensation, is no longer valid.

Section 311: The purpose of the amendment to 39 U.S.C. 3541 is to provide a method for determining the daily rate of compensation of substitute rural carriers. By using a factor of 304, the number of days of service on a rural route in a year, holiday pay is prorated throughout the year against the actual service of the substitute rural carrier. In this respect, pay treatment of these employees will be consistent with that afforded other substitute employees.

Section 312: This section provides the rules for the conversion of existing salaries to the new pay schedules which would become effective on the first day of the first pay period which begins on or after January 1, 1963.

Postal field service schedule.—The conversion method provided by subsection (a) of this section will place each employee in the PFS schedule in the numerical step which he attains immediately prior to the effective date of the new pay plan. Employees in PFS-1 through

PFS-5 will be given an additional numerical step for each longevity step attained immediately prior to conversion.

Employees in PFS-6 through PFS-18 who have reached step 7 for their positions will receive a single additional step if they have attained one or more longevity steps immediately prior to the effective date of the schedule. Employees in PFS-19 and PFS-20 will receive no additional steps because of longevity steps attained prior to conversion.

Application of these provisions to selected cases are shown below:

Present level and step	Present salary	New step	New salary (1963 phase)	Present level and step	Present salary	New step	New salary (1963 phase)
PFS-1, 6	\$4,005	6	\$4,165	PFS-6, 5A	\$5,775	5	\$6,005
PFS-2, 7B	4,680	8	4,895	PFS-6, 5C	5,975	5	6,005
PFS-4, 1C	4,645	4	4,975	PFS-7, 7A	6,580	8	7,070
PFS-4, 7A	5,405	8	5,675	PFS-7, 7C	6,780	8	7,070
PFS-4, 7C	5,605	10	5,875	PFS-10, 7	8,310	7	8,700

Credit is preserved toward the next within-grade or automatic step increase earned by employees prior to conversion if they were not given an additional step increase by reason of longevity steps attained prior to conversion. Such credit will be applied toward fulfillment of the requirements of the new advancement schedule. No credit earned toward longevity steps will be carried over.

Rural carrier schedule. Subsection (b) provides a conversion method for rural carriers similar to that afforded employees in PFS-1 through PFS-5. Each carrier will be assigned to his corresponding numerical step for the service classification of his route. Additional steps will be given for longevity steps attained immediately prior to conversion. Credit toward the next automatic step is retained, as for PFS employees.

Fourth-class office schedule.—The conversion method provided in subsection (c) for postmasters in fourth-class offices is the same as that provided for employees in PFS-1 through PFS-5; that is, each postmaster will be placed in the corresponding numerical step for his receipts category, and he will receive an additional step for each longevity step attained prior to the date of conversion.

Subsection (d) provides a method for adjusting salaries of employees whose existing rate is higher than the rate provided in subsections (a), (b), and (c). Where the existing compensation falls within the new range for their positions, they will be placed in the first step which exceeds their existing compensation. If the existing compensation is greater than any step for the range, the existing compensation will be continued as a saved rate. Among employees affected by this provision are those whose present rates of compensation are saved or protected at rates in excess of the present maximum scheduled rates for their positions. Because of the major change in the basis for establishing compensation on rural routes, more rural carriers are affected by this provision than are employees in the two other schedules. Examples of conversions to the RCS, showing application of this provision, are given below. Where the existing salary is greater than the rate for the step to which he would otherwise be assigned, he will be placed in the first step which exceeds his existing compensation.

Examples of salary conversion, RCS schedule (1963 phase)

Present route and step	Present compensation	Service classification	Rate for corresponding step	Step to which converted	New compensation
27 miles, step 6-----	\$4,635	A-----	Step 6, \$4,326.00----	9-----	\$4,659.00
42 miles, step 7C, H.D. 48 hours----	6,061	E, 4-----	Step 10, \$7,231.76----	10-----	7,231.76
58 miles, step 2-----	4,094	B-----	Step 2, \$4,108.00----	9-----	5,027.00
58 miles, step 5-----	5,411	D-----	Step 5, \$5,160.00----	7-----	5,461.00
72 miles, step 7B-----	6,225	E, 1-----	Step 9, \$6,359.88----	9-----	6,359.88
85 miles, step 7A-----	6,437	O-----	Step 8, \$5,254.00----	Saved rate--	6,437.00
108 miles, step 7-----	6,889	D-----	Step 7, \$5,461.00----	do-----	6,889.00

Section 313: This section provides for the conversion of employees to the schedules to become effective in 1964 according to the numerical step attained immediately prior to the date of conversion. Where existing compensation exceeds the rate for the numerical step, the existing compensation is retained if conversion cannot be made to a scheduled step.

Section 314: This section provides for the conversion of employees to the schedules to become effective in 1965 according to the numerical step attained immediately prior to the date of conversion. Where existing compensation exceeds the rate for the numerical step, the existing compensation is retained if conversion cannot be made to a scheduled step.

Section 315: Section 201 of the act of September 21, 1961, 75 Stat. 569 (Public Law 87-270), provides, among other things, that employees in protected rates will be given statutory increases applicable to the salary standing from which reduced. The purpose of section 315 is to make clear that, inasmuch as the new salary plan involves basic structural changes for employees now under the PFS, RCS, and FOS schedules, this particular feature of 39 U.S.C. 3560 cannot be given application at the time of conversion to the new schedules. Salaries of employees in protected rates as of the date of conversion will be converted under sections 312, 313, and 314 of this act, as appropriate.

Section 316: This section contains an amendment to section 3335 of title 39 of the code, which will clarify the intent of Congress with respect to the authority of the Postmaster General to pay higher level compensation. This amendment is required to remove objections of the Comptroller General, as stated in his decision of February 1, 1962 (B-138999), to the Department's application of the present statutory provision.

Section 317: This section repeals those provisions of Public Law 86-568, which contained salary increases for postal field service employees, effective July 9, 1960. It also repeals 39 U.S.C. 3558, which provides for the present system of longevity compensation; the new pay schedules supersede the longevity system in its entirety.

Section 318: This section contains two new compensation rules which will permit the Postmaster General to make (1) exceptions to the schedule of automatic advancement provided in 39 U.S.C. 3552 in recognition of exceptional competence, and (2) exceptions to the provisions of 39 U.S.C. 3551(a) where an appointee has extra qualifications for the position or where the entrance rate is less than the current salary of a well-qualified appointee. Both of these provisions will require implementation by regulations to be issued by the Postmaster General.

Section 319: This section contains two conforming changes to the table of contents of title 39, United States Code.

Section 320: This section provides that the provisions of this title will become effective on the first day of the first pay period which begins on or after January 1, 1963.

TITLE IV—DEPARTMENT OF MEDICINE AND SURGERY IN THE VETERANS' ADMINISTRATION

Title IV relates to physicians, dentists, and nurses in the Department of Medicine and Surgery of the Veterans' Administration, which are subject to a separate pay system prescribed by chapter 73 of title 38, United States Code. The revisions made by this title not only take into account the Bureau of Labor Statistics findings but also reflect the results of extensive studies of the Veterans' Administration concerning the need for a modernization of the entire grade and salary structure of the Department of Medicine and Surgery to recognize the numerous organizational and functional changes which have taken place in the Department since its inception in 1946.

In recognition of the nature of their occupations and the variability of assignments in a clinical setting, the grade and salary of physicians, dentists, and nurses in the Department of Medicine and Surgery is determined on the basis of an individual's qualifications and professional attainment. Notwithstanding this fact, comparison of the qualification and skill requirements for like occupations under the Classification Act, corroborate extension to the Department of Medicine and Surgery Schedules in the manner indicated in the bill of the salary scale proposed for the Classification Act system. Appropriate differentiation in pay between recognized skill levels as well as executive and managerial levels is maintained. Internal relationships of pay between the D.M. & S. system and the Classification Act system are also continued:

Section 401: This section amends section 4103 of title 38 of the United States Code. It reduces the maximum number of Assistant Chief Medical Directors from eight to five and modifies the provisions pertaining to directors of service and chiefs of division. In lieu of these positions, a new position level of Medical Director is established. The salaries of the Chief Medical Director, the Deputy Chief Medical Director, the Assistant Chief Medical Directors, the Director of Nursing Service, the Chief Pharmacist and Chief Dietitian are appropriately adjusted in line with other increases proposed by the bill. The statutory positions of the Deputy Director of Nursing Service, Chief Physical Therapist, and Chief Occupational Therapist are eliminated. The duties of the first-named position will be filled by a nurse of the Assistant Director grade. The salaries for the positions of Chief Physical Therapist and Chief Occupational Therapist will be set in the future under the Classification Act. Appropriate salary rates and schedules to be effective on the first day of the first pay period beginning on or after January 1, 1963, January 1, 1964, and January 1, 1965, are provided for the Chief Medical Director, the Deputy Chief Medical Director, Assistant Chief Medical Directors, Medical Directors, the Director of Nursing Service, a Chief Pharmacist, and the Chief Dietitian. Present provisions that appointments under this section of the United States Code (1) shall be for a period

of four years subject to removal by the Administrator of Veterans' Affairs for cause, and (2) that reappointments may be made for successive like periods, are continued.

Section 402: This section amends section 4107 of title 38 of the Code. In subsection (a) of section 4107, the former schedules entitled "Medical Service" and "Dental Service" have been combined and retitled "Physician and Dentist Schedule." The existing schedules have provided identical grades and pay scales and their continued separation serves no purpose. The Junior grade of the former schedules has been eliminated and, two new grades—the Director grade and Executive grade—have been established. The schedule now titled "Nursing Service" has been retitled "Nurse Schedule." Two new grades—the Assistant Director grade and Chief grade—have been established, and the former grades of Assistant Director and Senior grade have been retitled "Senior grade" and "Intermediate grade," respectively. The new grade of Assistant Director is intended to recognize the special responsibilities assigned a few individuals in the Nursing Service and will absorb the former statutory position of Deputy Director of Nursing Service. The Chief grade will primarily be used for nurses who qualify for and are assigned in positions comparable to that of a chief nurse at one of the larger hospitals.

Subsection (a) also provides the pay scales for the physician and dentist schedule and the nurse schedule to be effective on the first day of the first pay period beginning on or after January 1 of 1963, 1964, and 1965.

Subsection (b) of section 4107 of title 38 of the United States Code specifies the intended use of the two new grades—Director and Executive—in the physician and dentist schedule. It provides that no person may hold the Director grade unless he is serving as a director of a hospital, domiciliary, center, or outpatient clinic (independent), and that no person may hold the Executive grade unless he holds the position of chief of staff at a hospital, center, or outpatient clinic (independent), or the position of Clinic Director, outpatient clinic, or comparable position. The establishment of these two new grades obviates the situation in which individuals charged with the responsibility of entire hospital operations received less compensation than their subordinates.

Section 403: This section which amends section 4108 of title 38 of the United States Code repeals the present provision providing for an allowance equal to 15 percent of the pay of persons rated as medical, surgical, or dental specialists under the provisions of that section, since the latitude which will be afforded within the pay range of each grade will permit appropriate recognition of specially qualified individuals. The current subsection (b) of 4107 of title 38, without change, has been redesignated as section 4108 for purpose of greater clarity and as a matter of drafting convenience.

Subsection (b) of section 403 is a perfecting amendment to the table of contents at the head of chapter 73 of title 38, to reflect the change in the catchline of section 4108.

Section 404: This section amends section 4111(b) of title 38 to provide that the per annum salary rate of a director of a hospital, domiciliary, or center who is not a physician in the medical service shall not be less than the rate of salary he would receive if such service as a director had been as a physician in the director grade. Except

with respect to change in rate of salary the subsection does not affect the allocation of any such position to any grade of the Classification Act or the application of the Performance Rating Act of 1950 to any individual.

Section 405: This section provides that title IV shall become effective on the first day of the first pay period which begins on or after January 1, 1963, except as otherwise expressly provided.

TITLE V—THE FOREIGN SERVICE ACT OF 1946

Section 501: This section provides that title V may be cited as the "Foreign Service Salary Reform Act of 1962."

Section 502: This section amends section 412 of the Foreign Service Act by adjusting upward the per annum salary rates for career ambassador, career minister, and the additional eight classes of Foreign Service officers. No change is made in the number of classes and, with the exception of class I, which has two salary rates, the general pattern of seven rates for each class is continued. As in other sections of this title, the schedules of per annum salary rates, provided by this section, are to be effective in three phases, in 1963, 1964, and 1965.

Section 503: This section amends section 415 of the Foreign Service Act of 1946 by revising the structure of the Foreign Service staff salary schedule and embodying certain changes directly comparable to those made in the revision of the Classification Act.

There are at present 22 classes in the Foreign Service staff schedule. The proposed schedule of 10 classes would eliminate the unnecessary and seldom used classes in the current schedule. Since custodial, maintenance, and the most routine clerical functions are performed almost exclusively by alien employees at Foreign Service posts, there is little need for U.S.-citizen employees at the level of duties represented by classes 14 through 22. Since classes 14 through 22 are to be abolished, it will be necessary to give the Secretary the authority contained in proposed section 415(b) in order that persons in such classes may continue to be employed at appropriate rates. The new section 415(b) would give the Department all needed flexibility in this respect, should it be desirable in unusual circumstances, to employ American personnel at lower rates for duties less difficult than those of FSS-10. The proposed 10-class schedule would provide a reasonable number of levels in relation to the duties and responsibilities which are carried out by staff personnel and in addition would provide a more adequate promotion ladder by reducing and consolidating to a major extent overlapping classes. Within the proposed Foreign Service staff salary schedule, 10 salary rates are proposed for each class. This makes possible within-class increases over a longer period of time for staff personnel. The 10 rate salary schedule will also replace the present provisions for longevity rates for staff personnel contained in section 642(b) of the Foreign Service Act which is repealed by a later section of this bill. Section 504 prescribes three schedules of per annum salaries for staff officers and employees to be effective in 1963, 1964, and 1965.

Section 504: This section provides for the conversion of Foreign Service personnel from their present salary rates to those established by this bill.

Section 505: This section repeals section 642(b) of the Foreign Service Act relating to longevity step increases for Foreign Service staff officers and employees and makes minor conforming changes in the heading and identification of the section in the Foreign Service Act. Since the new Foreign Service staff schedule provides ten rates for within-class increases this section is no longer needed.

Section 506: This section provides that except as otherwise expressly provided, title V shall become effective on the first day of the first pay period which begins on or after January 1, 1963.

TITLE VI—REPEAL OF SPECIFIC STATUTORY SALARIES

This title repeals a number of statutory salaries, in the Federal Executive Pay Act and other special statutes. Positions currently being paid at these salaries would come under the Classification Act schedule, many of them in new grades GS-19, and GS-20. These positions are similar to positions generally compensated under the Classification Act system but had been granted higher compensation under the Executive Pay Act or other statutes. Addition of new grades GS-19 and GS-20 and establishing top Classification Act salaries at levels more nearly comparable to those in private enterprise make it possible to restore these positions to the general salary system.

TITLE VII—MISCELLANEOUS PROVISIONS

This title increases the salary limitations for certain scientific and professional positions to accord with the salary ranges of the general schedule of the Classification Act. In most cases the salary range stated in the laws which are amended is \$12,500 minimum and \$19,000 maximum. The amendments proposed would tie the minimum to the minimum rate of grade GS-16 and the maximum to grade 18 of the general schedule.

Section 701 amends the salary range in section 2(b) of Public Law 313, as amended, as indicated above.

Section 702 amends section 1581(b) of title 10 of the United States Code, relating to certain scientific or professional positions in the Department of Defense, to provide a minimum rate for such positions as the minimum rate of GS-16 and a maximum rate equivalent to GS-18 pay.

Section 703 amends the proviso in the first sentence of section 208(g) of the Public Health Service Act, as amended, which relates to compensation rates of certain scientific, professional, and administrative personnel in the Public Health Service to provide a minimum rate of grade GS-16 and a maximum at the pay of grade GS-18.

Section 704 establishes a maximum rate, equivalent to the pay of grade GS-18 for five positions of technical experts in the Department of Agriculture engaged in research in foot-and-mouth and other animal diseases.

Section 705 amends section 203(b)(2) of the National Aeronautics and Space Act of 1958 to provide that the Administrator may fix the rates for certain excepted positions at not to exceed the pay of grade GS-18 of the Classification Act. For 30 of these positions (which may now be paid up to \$21,000), the Administrator may, on or after the effective date of this title, pay up to the highest rate established

for grade GS-18 which will be effective under the bill on January 1, 1965.

Section 706 amends the proviso in section 161(d) of the Atomic Energy Act of 1954, as amended, to permit the fixing of salaries of scientific and technical personnel up to a limit of the pay of grade 18 of the General Schedule of the Classification Act. The present limit is \$19,000.

Section 707 establishes the effective date of title VII as the first day of the first pay period which begins on or after January 1, 1963.

